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SCOTT ELLIOTT

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December 22, 2004

Mr. Charles Terreni
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

RE: Application of Bush River Utilities, Inc., for approval of a
New Schedule of Rates and Charges for Sewage Service provided
to Residential and Commercial Customers in all areas served.
Docket No.: 2004-259-S

Dear Mr. Terreni:

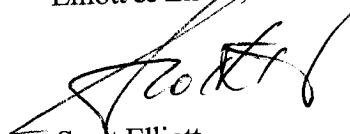
Enclosed are the original and twenty-five copies (25) copies of the **Testimony of Keith G. Parnell** filed on behalf of Bush River Utilities, Inc. in the above referenced docket. By copy of this letter, I am serving all parties of record.

I have enclosed an extra copy of this testimony which I would ask you to date stamp and return to me in the stamped self addressed envelope enclosed.

If you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.


Scott Elliott

SE/jcl

Enclosures

c: All parties of records w/enc.

No. 1 of 2

ORIGINAL

**THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA**

DOCKET No.: 2004-259-S

**Application of Bush River Utilities, Inc. for
Approval of New Schedule of Rates and Charges
for Sewage Service provided to Residential, Commercial
and Wholesale Customers in all areas served.**

PREFILED DIRECT TESTIMONY

OF

KEITH G. PARNELL

December 22, 2004

2004 DEC 22 PM 11:23
PUBLIC SERVICE COMMISSION
SOUTH CAROLINA

ok [signature]
ok [signature]

1 **Q. Please state your name, business address and your affiliation with the**
2 **applicant Bush River Utilities, Inc. (Bush River).**

3 A. Keith G. Parnell, P. O. Box 258, Lexington, South Carolina 29072. I am the
4 President and Operations Manager for Bush River Utilities, Inc., which I will refer to in
5 my testimony as Bush River.

6 **Q. Please describe your educational and professional background.**

7 A. I graduated from the University of South Carolina with a B.S. Degree in Civil
8 Engineering in 1981 and obtained a Masters from U.S.C. in Water Resource Engineering
9 in 1983. I was employed as an engineer from 1983 to 1985 by the United States Naval
10 Facilities Engineering Command. From 1985 through 1990, I practiced civil engineering
11 for B.P. Barber Company in Columbia, South Carolina. I am also currently registered as
12 a Professional Engineer by the State of South Carolina. I am employed as Bush River's
13 Operations Manager. I am also employed as Operations Manager for Midlands Utility,
14 Inc.(Midlands)and Development Service, Inc., (DSI). Bush River, DSI and Midlands are
15 owned by my brother C. Ken Parnell and me. Both of us are professional engineers and
16 we acquired all three utilities from our parents. We operate the companies using a
17 common staff, sharing assets and equipment, and pledging all assets to obtain necessary
18 financing. Each of the three companies is a public utility regulated by the PSC.

19 **Q. Please describe Bush River's service and customer base.**

20 A. Bush River is a privately owned sewer company headquartered in Lexington,
21 South Carolina. It is a closely held South Carolina corporation with operations in parts of
22 Richland and Lexington Counties. We provide sewer collection and sewer treatment

1 services to approximately 35 commercial customers in the Dutch Square area. Bush
2 River serves no residential customers. Our largest customer is DSI.

3 **Q. Please describe more fully the operational relationship of Bush River and**
4 **DSI.**

5 A. In addition to its 34 commercial customers, Bush River treats wastewater
6 collected by DSI. As authorized by the South Carolina Public Service Commission
7 (Commission) in Order Number 96-44, Docket Number 94-727-S, dated January 19,
8 1996, Bush River is authorized to charge its commercial customers under a schedule of
9 rates and charges DSI a monthly wholesale rate for treatment of DSI's wastewater. The
10 monthly cost of treatment charged by Bush River represents DSI's primary operating
11 expense. We have maintained equality of rates between DSI and Bush River so that
12 customers of Bush River and DSI are charged similar rates for similar services. DSI also
13 has an application for a rate increase pending before the Commission.

14 **Q. Please relate the facts and circumstances leading up to this application before**
15 **the South Carolina Public Service Commission.**

16 A. As a public utility, Bush River is under the jurisdiction of this Commission.
17 However, the South Carolina Department of Health and Environmental Control (DHEC)
18 also has authority over Bush River since it regulates its wastewater discharges into the
19 Saluda River. DHEC has ordered Bush River to construct an upgrade to its wastewater
20 treatment facility at a cost of approximately \$1,000,000. In addition, Midlands has also
21 been required by DHEC to upgrade three of its wastewater treatment facilities. We see
22 this as an opportunity to modernize not only our utilities' wastewater treatment facilities
23 but also our operations. By making the necessary improvements to our systems, we will

1 streamline operations, eliminate unnecessary costs and improve service to our customers.
2 Because of the tremendous cost of upgrading our facilities in compliance with DHEC
3 requirements, we must borrow the necessary construction costs. Accordingly, Bush
4 River, DSI and Midlands have applied for and obtained financing from BB&T in the
5 amount of \$2,021,400 to upgrade and modernize our plants. In addition, my brother Ken
6 Parnell and I have pledged our assets to guarantee repayment of this loan. The loan funds
7 will be advanced only when and if this Commission approves the rate increases necessary
8 to service the debt. The Consent Order is attached to my testimony as Exhibit 1.

9 **Q. Under the terms of your consent order with DHEC what is Bush River now**
10 **required to do?**

11 A. Essentially, Bush River must close its wastewater treatment lagoon and construct
12 a modern wastewater treatment facility.

13 **Q. What steps are required to construct a new wastewater treatment facility?**

14 A. First, because we are under the jurisdiction of DHEC, we are required to submit
15 preliminary engineering report or PER. A PER is designed to inform DHEC of a utility's
16 proposal for improving its wastewater treatment facilities by outlining the design,
17 engineering and physical requirements of a wastewater treatment facility prior to the cost
18 and effort of preparing construction documents or a construction plan. DHEC then
19 evaluates the PER to determine that the facility will be constructed according to its
20 requirements, discharge the effluent within its limitations and be adequate in size to
21 handle our customer needs.

22 **Q. Has a PER been submitted to DHEC?**

1 A. Yes and it has been approved by DHEC. Please see a copy of the DHEC approval
2 as evidenced by their official stamped dated October 22, 2003, affixed to the title page of
3 the PER which is attached hereto as Exhibit 2.

4 **Q. What is next required of Bush River?**

5 A. We have submitted construction plans to DHEC as required, and our construction
6 plans have been approved. Please see a copy of DHEC wastewater construction permit
7 dated November 29, 2004, which is attached hereto as Exhibit 3.

8 **Q. What do the construction plans provide for?**

9 A. Employing current technology, the construction plans provide for construction of
10 a sanitare sequenching batch reactor, a wastewater treatment plant capable of treating
11 400,000 gallons per day and meeting DHEC's current most stringent discharge
12 limitations. DHEC has approved our construction plans. Construction is expected to
13 take eighteen months. The construction plans are attached to my testimony as Exhibit 2.

14 **Q. What will the wastewater treatment plant cost to build?**

15 A. Based on the engineering design and current construction costs the total
16 construction cost alone will be at a minimum \$932,278. Please see the copy of the cost
17 statement of HPG and Company Consulting Engineers, Inc., Bush River's engineers,
18 setting forth the construction costs of the wastewater treatment facility upgrade attached
19 hereto as Exhibit 4. Closing Bush River's lagoon will cost approximately \$150,000.

20 **Q. Has Bush River begun to undertake steps necessary to construct the new**
21 **wastewater treatment facility?**

22 A. Yes. Because Bush River is highly regulated, it is also subject to regulation by
23 Lexington County. When we applied with Lexington County for the necessary permits,

1 Lexington County determined that our current plant as well as our proposed plant was in
2 the floodway and required us to situate and construct the plant at sufficient elevation so
3 as not to interfere with the flow of water in a hypothetical hundred year flood

4 **Q. Has Bush River satisfied the requirements of the Lexington County?**

5 A. Yes. We have engineered the plant in such a fashion as to obtain a “no rise”
6 certificate from Lexington County. As a result, construction will not interfere with the
7 flow in a hundred year rain storm. Please see the “no rise” correspondence issued by
8 Lexington County which attached hereto as Exhibit 5. Bush River will satisfy Lexington
9 County’s requirement concerning the land disturbance or soil erosion .

10 **Q. Please describe more fully the relationship of Bush River and DSI as it**
11 **relates to the company’s rate increase applications.**

12 A. As I have testified, operating under rates approved by this Commission in 1996,
13 customers of Bush River and DSI are charged similar rates for similar services. As Bush
14 River goes so does DSI. The fact that Bush River must make capital improvements and
15 meet environmental compliance schedules will result in financing costs for upgrading its
16 wastewater treatment facility. Accordingly, Bush River will incur higher operating costs
17 and has proposed its rates and charges applied for in its application. As a consequence,
18 DSI will incur higher operating costs and will similarly require an increase in rates.

19 **Q. Does DSI have any specific upgrades to its plant operations other than the**
20 **related costs reflected in its application?**

21 A. No, DSI does not operate a wastewater treatment facility, but as a collection only
22 service. The assets of DSI are subject to a guarantee of all loan funds advanced for the
23 necessary upgrades of Bush River and Midlands.

1 **Q. Mr. Parnell are you familiar with each of the exhibits filed with Bush River's**
2 **rate application?**

3 A. Yes. I have personally been involved with the preparation of the information in
4 each exhibit and those which were not directly prepared by me were prepared under my
5 supervision.

6 **Q. The application requests rate increases to be implemented in two stages.**
7 **Please explain.**

8 A. Bush River's last rate increase was approved on January 19, 1996, and was based
9 on the level of operating expenses experienced in 1994, the test year. In addition to the
10 increased operating costs experienced in the preceding ten years, Bush River will incur
11 additional cost and expense associated with the increased cost of treatment resulting from
12 its construction of its wastewater treatment facility improvements. These additional costs
13 necessitate the first stage rate increase. The second stage increase in rates will be
14 required upon completion of Bush River's construction so as to permit it to pay the
15 resulting increase in operating costs which include its share of interest, principal
16 repayment and depreciation for the three companies.

17 **Q. Explain more fully how Bush River proposes to pay for construction of**
18 **improvements to its wastewater treatment facility?**

19 A. The necessity to upgrade its wastewater treatment facility imposed upon Bush
20 River by DHEC required all three utilities to enter into a credit facility to borrow over
21 \$2,021,400.

22 **Q. Mr. Parnell, please describe the details of this loan.**

1 A. Bush River, DSI and Midlands have entered into a loan which closed on April 8,
2 2004. In order to borrow the necessary funds, all three companies' assets were pledged,
3 together with a personal guarantee by my brother and me. Approximately \$80,000 was
4 expended for the purpose of paying for appraisals, surveys, abstracts, origination fees and
5 related legal fees. The real estate mortgaged is primarily owned by Bush River and
6 Midlands and located in the counties of Richland, Lexington, Fairfield and Orangeburg.
7 The lender is Branch Banking & Trust Company (BB&T) for a total amount of
8 \$2,021,400. Please see a copy of the note as attached hereto as Exhibit 6.

9 **Q. What are the interest provisions and repayment conditions of the loan?**

10 A. The loan is scheduled to be repaid 60 months from April 8, 2004, through the
11 same date in 2009. The loan has a repayment amortization of 15 years with a balloon
12 payment due at the maturity of the five years. Interest is currently 5.4%. The loan has a
13 collar with a floor rate of 4.65% and a ceiling of 7.70%. The bank allowed us to receive
14 about \$50,000 as an advance toward closing costs. Any further advances are restricted
15 depending upon whether the respective companies obtain necessary rate increases from
16 the Commission.

17 **Q. Is Bush River in compliance with DHEC requirements?**

18 A. Bush River is in compliance with the terms and conditions of its consent order
19 with DHEC.

20 **Q. Mr. Parnell, are the expenses, revenue and adjustments to operating**
21 **expenses as exhibited in the application of Bush River in this docket accurate?**

22 A. Yes, they are.

1 **Q. Do you expect the proposed rate increases will produce sufficient revenues to**
2 **allow the company to meet its expenses and earn a fair return?**

3 A. Yes, I do. Our study of the necessary adjustments show they will produce a
4 reasonable operating margin based upon the percentage increase to our customers. To the
5 extent any updating of information would occur before the hearing of this docket, we will
6 update any adjustments necessary, including rate expense.

7 **Q. Mr. Parnell, do you believe that the proposed two stage rate increases are**
8 **just, fair and reasonable to all of Bush River's customers?**

9 A. Yes, I do.

10 **Q. Does this conclude your testimony?**

11 A. Yes.

THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

IN RE: BUSH RIVER UTILITIES, INC.
RICHLAND & LEXINGTON COUNTY

CONSENT ORDER

03- 049 -W

Bush River Utilities, Inc. (Respondent) owns and is responsible for the proper operation and maintenance of a wastewater treatment facility (WWTF) serving the residents and businesses of its designated service area located in Richland County and Lexington County, South Carolina.

A review of the Respondent's file by South Carolina Department of Health and Environmental Control (Department) staff revealed that the Respondent violated the Pollution Control Act, S.C. Code Ann. §§ 48-1-10 et seq. (1987 & Supp. 2002) and National Pollutant Discharge Elimination System (NPDES) Permit SC0032743 in that it violated the permitted discharge limits for biochemical oxygen demand (BOD), dissolved oxygen (DO), fecal coliform bacteria (FC) and pH as specified in Part I.A.1 of the NPDES permit.

In accordance with approved procedures and based upon discussions with the Respondent on February 13, 2003, the parties have agreed to the issuance of this Order to include the following Findings of Fact and Conclusions of Law.

In the interest of resolving this matter without delay and expense of litigation the Respondent agrees to the entry of this Consent Order, but neither agrees nor disagrees with the Findings of Fact or the Conclusions of Law; and therefore, agrees that this Order shall be deemed an admission of fact and law only as necessary for enforcement of this Order by the Department or subsequent actions relating to the Respondent by the Department.

FINDINGS OF FACT

1. Department staff issued NPDES permit SC0032743 to the Respondent, allowing it to discharge treated wastewater to the Saluda River in accordance with the effluent limitations, monitoring requirements and other conditions set forth therein.
2. Department staff performed a Compliance Sampling Inspection (CSI) at the Respondent's WWTF between July 29, 2002, and July 31, 2002. Department staff assigned the Respondent's WWTF an overall noncompliance rating due to violations of the permitted discharge limits for DO and FC.
3. The Respondent reported the following violations on discharge monitoring reports during January 1, 2002, through December 31, 2002:
 - BOD – February, March, April, October and December 2002;
 - DO – January, April, May, June and August 2002;
 - FC – April, November and December 2002; and
 - pH – January, November and December 2002.
4. On February 13, 2003, Department staff held a telephone enforcement conference with the Respondent's agent to discuss the above-cited violations. The Respondent's agent stated that the WWTF needs to be upgraded in order to meet the permitted limits. The Respondent's agent has attempted to negotiate connection to two (2) different regional sewer providers, but neither will accept the flow from the WWTF at this time. Department staff and the Respondent's agent discussed the issuance of a Consent Order containing a civil penalty.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department reaches the following Conclusions of

Law:

1. The Respondent violated the Pollution Control Act, S.C. Code Ann. § 48-1-110(d) (Supp. 2002), and Water Pollution Control Permits, 24 S.C. Code Ann. Regs. 61-9.122.41(a)(1) (Supp. 2002), in that it failed to comply with the permitted discharge limits for BOD, DO, FC and pH as specified in Part I.A.1 of the NPDES permit.
2. The Pollution Control Act, S.C. Code Ann. § 48-1-330 (1987), provides for a civil penalty not to exceed ten thousand dollars (\$10,000.00) per day of violation for any person violating the Act or any rule, regulation, permit, permit condition, final determination, or Order of the Department.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the Pollution Control Act, S.C. Code Ann § 48-1-50 (1987) and § 48-1-100 (Supp. 2002), that the Respondent shall:

1. Within sixty (60) days of the execution date of this Consent Order, submit to the Department a Preliminary Engineering Report (PER) addressing upgrade of the WWTF to meet permitted discharge limits.
2. Within ninety (90) days of the Department's approval of the PER, submit to the Department the plans and specifications and an application for a permit to construct addressing upgrade of the WWTF to meet permitted discharge limits.
3. Within ninety (90) days of the issuance of the permit to construct, begin construction of the permitted upgrade to the WWTF.
4. Within two hundred seventy (270) days of the beginning of construction, complete construction of the upgrade to the WWTF and request final operational approval from the Department. In order to comply with the Reliability Classification I requirements as

specified in Standards for Wastewater Facility Construction, S.C. Code Ann. Regs. 61-67 (Supp. 2002), the Department will allow an additional one hundred eighty (180) days for the Respondent to have the necessary components constructed to meet Reliability Class I requirements as it may relate to the conversion of the lagoon system to other functions.

5. Pay to the Department a civil penalty in the amount of twenty thousand dollars (\$20,000.00), payable in quarterly installments over a period of thirty (30) months, together with interest on the outstanding balance calculated at 8.75% per annum, with the first installment due on May 5, 2003. The Respondent may pay the penalty in full at any time.

IT IS FURTHER ORDERED AND AGREED that where the Department has requested information in connection with the above actions, the Respondent shall respond to such requests in a timely fashion.

THEREFORE IT IS FURTHER AGREED that if any event occurs which causes or may cause a delay in meeting any of the above scheduled dates for completion of any specified activity, the Respondent shall notify the Department in writing at least one (1) week before the scheduled date, describing in detail the anticipated length of the delay, the precise cause or causes of delay, if ascertainable, the measures taken or to be taken to prevent or minimize the delay, and the timetable by which those measures will be implemented.

The Department shall provide written notice as soon as practicable that a specified extension of time has been granted or that no extension has been granted. An extension shall be granted for any scheduled activity delayed by an event of *force majeure*, which shall mean any event arising from causes beyond the control of the Respondent that causes a delay in or prevents the performance of any of the conditions under this Consent Order including, but not limited to: a) acts of God, fire, war, insurrection, civil disturbance, explosion; b) adverse weather condition that could not be

reasonably anticipated causing unusual delay in transportation and/or field work activities; c) restraint by court order or order of public authority; d) inability to obtain, after exercise of reasonable diligence and timely submittal of all applicable applications, any necessary authorizations, approvals, permits, or licenses due to action or inaction of any governmental agency or authority; and e) delays caused by compliance with applicable statutes or regulations governing contracting, procurement or acquisition procedures, despite the exercise of reasonable diligence by the Respondent.

Events which are not *force majeure* include by example, but are not limited to, unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or any person's failure to exercise due diligence in obtaining governmental permits or fulfilling contractual duties. Such determination will be made in the sole discretion of the Department. Any extension shall be incorporated by reference as an enforceable part of this Consent Order and thereafter be referred to as an attachment to the Consent Order.

PURSUANT TO THIS ORDER, all communication regarding this Order and its requirements shall be addressed as follows:

Anastasia Hunter-Shaw
Water Enforcement Division
Bureau of Water
SCDHEC
2600 Bull Street
Columbia, S.C. 29201

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provision of this Order shall be grounds for further enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330 (1987), to include the assessment of additional civil penalties.

**THE SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL**

PRELIMINARY ENGINEERING REPORT

BUSH RIVER UTILITY

BUSH RIVER FACILITY REPLACEMENT PLANT

Preliminary Engineering Report Approval - SCDHEC
Water Facilities Permitting Division
This approval is valid for only
180 days from this date
By OCT 22 2003 BA

Prepared for:
Bush River Utility
Post Office Box 258
Lexington, South Carolina 29078

Prepared by:
HPG and Company, Consulting Engineers, Inc.
1432 Sunset Boulevard
West Columbia, South Carolina 29169

May, 2003
Revised September, 2003



Wastewater Construction Permit

Bureau of Water



Permission is hereby granted to: Bush River Utility
816 E Main St
Lexington, SC 29072

for the construction of an upgrade to an existing wastewater treatment plant in accordance with the construction plans, specifications, engineering report and the Construction Permit Application signed by Charles K. Parnell, Registered Professional Engineer, S.C. Registration Number: 9406.

Project Name: BUSH RIVER WWTP REPLACEMENT
Location: Saluda River

County: Lexington

Project Description: Upgrade to the wastewater treatment facility includes the installation of a new 0.4 MGD replacement SBR wastewater treatment facility with all necessary appurtenances.

The effluent will be discharged to SALUDA RIVER at a design flow rate of 400000 gallons per day.

The effluent concentrations of those constituents the wastewater treatment system is designed to remove or reduce are contained in NPDES Permit SC0032743. Treatment Plant Classification: II-B

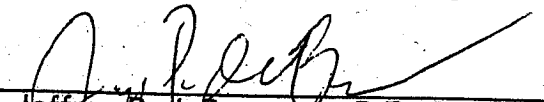
Special Conditions:

None

In accepting this permit, the owner agrees to the admission of properly authorized persons at all reasonable hours for the purpose of sampling and inspection.

This is a permit for construction only and does not constitute State Department of Health and Environmental Control approval, temporary or otherwise, to place the system in operation. An Approval to Place in Operation is required and can be obtained following the completion of construction by contacting the EQC Central Midlands District Office at (803) 896-0620. Additional permits may be required prior to construction (e.g., stormwater).

Permit Number: 30,509-WW
Date of Issue: November 29, 2004
Expiration Date: Construction must begin prior to November 30, 2006 and be completed prior to November 29, 2007, or this permit will expire.


Jeffrey P. deBessonnet, P.E., Director
Water Facilities Permitting Division

PROJECT: Bush River
SUBJECT: Replacement Facility

PROJECT #: 01043
DATE: 1/7/04

1. Fine Screen with TANKAGE	19,650 ⁰⁰
2. Sanitaire Aeration Equipment	167,465 ⁰⁰
3. EFFLUENT METERING BOX	6,300 ⁰⁰
4. UV System with TANKAGE	30,000 ⁰⁰
5. Blowers for Sludge	25,874 ⁰⁰
6. Air Diffusers for Sludge	18,647 ⁰⁰
7. EFFLUENT EQUALIZATION BASIN	193,925 ⁰⁰
8. DUAL REACTORS	257,895 ⁰⁰
9. Aerobic Digester	92,522 ⁰⁰
10. INFILTRANT PUMPS WITH CONTROLS	25,000 ⁰⁰
11. EFFLUENT PUMPS	10,000 ⁰⁰
12. Pump Station (structure)	10,000 ⁰⁰
15. YARD PIPING	25,000 ⁰⁰
16. ELECTRICAL	50,000 ⁰⁰
	<hr/>
	932,278 ⁰⁰

Combs & Associates, Inc.

P.O. Box 32185 • Charlotte, North Carolina 28232-2185
(704) 374-0450 • Fax (704) 375-6618
tonycombs@combs-associates.com

November 12, 2003

Mr. Ken Pamell
HPG & Company
1432 Sunset Boulevard
West Columbia, SC 29169
P: 803-739-2888
F: 803-739-2277

Re: Pricing for Bush River WWTP

Dear Mr. Pamell:

The pricing summary for the equipment, tanks and installation in the tanks at the Bush River Facility is as follows:

One (1)	Fine screen in a stainless steel tank	\$ 19,850.00
One (1)	Sanitaire system for the ICEAS system	\$167,466.00
Two (2)	Tanks with concrete pads for the ICEAS system, installed, painted per Tom Creasman	\$232,622.00
One (1)	Surge tank with concrete pad after the ICEAS, painted per Tom Creasman	\$115,300.00
One (1)	Effluent metering boxes and flowmeter	\$ 6,300.00
One (1)	UV system per the ODI quote including the stainless steel tank	\$ 30,000.00
One (1)	Sludge tank with concrete pads for 30 days sludge holding, installed, painted per Tom Creasman	\$112,634.00
Two (2)	Blowers and starters for the sludge holding system	\$ 25,874.00
One (1)	Air diffuser system for the sludge holding tank	\$ 18,647.00
Total price for the above		<u>\$728,692.00</u>

If all the above equipment is purchased, please deduct another \$11,625.00.

We will supply a 10 year pro-rated warranty on the membranes if that will ease Keith's fears of problems he may have with our membranes.


Terms per the manufacturers standard terms and conditions.

Combs Integrated Technologies, Inc. orders have terms as follows:

Freight included to the jobsite
Taxes are not included in this price
Pricing is good for 30 days
Delivery to be 18 weeks from order
No installation included

Thanks for your consideration.

Sincerely,


Tony Combs, P.E.
Charlotte Office

To:	Ken Parnell	From:	Tom Creasman
Co:	HPG	Co:	Creasco Inc.
Fax:	803-739-2277	Pages:	2
Phone:	803-739-2888	Date:	1/6/2004
Re:	Bushriver Replacement Facility	Cc:	

Mr. Parnell,

Thanks for the opportunity to quote your Bush River project. Please find below pricing per the drawings we received on 1/6/04.

EFFLUENT EQUALIZATION/STORAGE

87' DIA. CONCRETE SLAB	\$ 81,211.00
85' DIA X 16'H STEEL TANK	\$ 81,377.00
SANDBLASTING AND PAINTING	\$ 22,837.00
STAIRS AND EQUIPMENT PLATFORM	\$ 8,500.00
TOTAL	\$ 193,925.00

DUAL REACTORS

2-52' DIA CONCRETE SLABS	\$ 70,456.00
2-50' DIA X 20'H STEEL TANKS	\$ 135,436.00
SANDBLASTING AND PAINTING	\$ 43,503.00
STAIRS AND EQUIPMENT PLATFORMS	\$ 8,500.00
TOTAL	\$ 257,895.00

AEROBIC DIGESTER

37' DIA CONCRETE SLAB	\$ 21,494.00
35' DIA X 20'H STEEL TANK	\$ 43,256.00
SANDBLASTING AND PAINTING	\$ 11,772.00
STAIRS AND EQUIPMENT PLATFORMS	\$ 16,000.00
TOTAL	\$ 92,522.00

TOTAL PROJECT COST	\$544,342.00
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NOTES

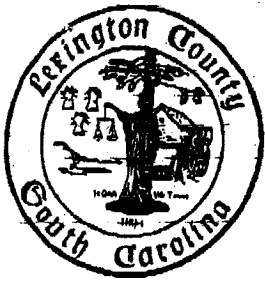
CONCRETE SLABS = 14" THICK 2- # 5 REBAR MATS 12" ON 12"
BASE CHANNELS = C10 X 20#
BASE CHANNEL FOOTERS = 24" X 24"
TANK WALLS = 5/16" A36 STEEL
UPPER TRIM ANGLE= 3/8" X6" X6"
INTERIOR PAINT = TNEMEC 46H COAL TAR EPOXY
EXTERIOR PAINT= TNEMEC SERIES 66 HI BUILD EPOXY
HANDRAILS= 1 1/2" SQUARE TUBE PAINTED STEEL
REACTOR TANK DIVIDER WALLS ARE NON-HYDROSTTIC
PAD PREPARATION BY OTHERS
STEEL COMPONENTS WILL BE DELIVERED TO SITE BLASTED AND PRIMED
PRICES ARE GOOD FOR 60 DAYS

Please feel free to call any time if you have any questions.

Regards,

Tom

MOBILE 864-380-262
OFFICE 803-438-8449
FAX 803-408-9517
E-Mail creasco@att.net



COUNTY OF LEXINGTON, SOUTH CAROLINA

Planning Commission

County Administration Building (803) 359-8121
212 South Lake Drive Lexington, South Carolina 29072

March 23, 2004

Mr. Keith Parnell
Bush River Utilities
P. O. Box 258
Lexington, SC 29071

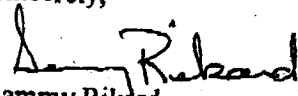
Re: Expansion of Bush River Wastewater Treatment Facility (TMS#03697-09-003)

Dear Mr. Parnell:

Thank you for taking the time to attend our Planning Commission meeting of March 18, 2004. As you are aware, the Commission approved your request as submitted with the understanding that the new structures will be tied down, and all electrical and mechanical devices will be elevated above the floodplain.

Before you begin any of the proposed expansion it will be necessary for you to obtain a Land Disturbance Permit and Zoning Permit from Lexington County. Building permits are not required for the proposed tanks, but would be required for any storage or office buildings. If you have any questions, please don't hesitate to call.

Sincerely,


Sammy Rikard
Flood Manager

c: Flood Management File
TMS File
PC Follow-up file

H:\DOCS\SUBORD\PLAN\COMM\PC Follow-up\Bush River\WWTPExp.wpd

Borrower: MIDLANDS UTILITY, INC. BUSH RIVER UTILITIES, INC. and DEVELOPMENT SERVICE, INC.
Account Number: 9521421107 Note Number: 00001
Address: 816 EAST MAIN STREET LEXINGTON, SC 29072-0000 of South Carolina Date: April 8, 2004

BB&T

LEXINGTON

COPY

PROMISSORY NOTE

Borrower(S) REPRESENTS HEREWITH THAT THE LOAN EVIDENCED HEREBY IS BEING OBTAINED FOR BUSINESS/COMMERCIAL PURPOSES. For value received, the undersigned, jointly and severally, if more than one, promises to pay to **BRANCH BANKING AND TRUST COMPANY OF SOUTH CAROLINA**, a South Carolina banking corporation (the "Bank"), or order, at said bank at any of its offices in the above referenced city (or such other place or places that may be hereafter designated by Bank), the sum of

TWO MILLION TWENTY-ONE THOUSAND FOUR HUNDRED DOLLARS & 00/100

Dollars (\$ 2,021,400.00), in immediately available coin or currency of the United States of America. ☒ Borrower shall pay a prepayment penalty as set forth in the Prepayment Penalty Addendum attached hereto.

Interest shall accrue from the date hereof on the unpaid balance outstanding from time to time at the:

☐ Fixed rate of _____ % per annum.
☒ Variable rate of the Bank's Prime Rate plus 0.400 % per annum to be adjusted _____ Daily as the Bank's Prime Rate changes. If checked here ☒ , the interest rate will not exceed a(n) ☒ fixed ☐ average maximum rate of 7.700 % or a ☐ floating maximum rate of the greater of _____ % or the Bank's Prime Rate; and the interest rate will not decrease below a fixed minimum rate of 4.650 %. If an average maximum rate is specified, a determination of any required reimbursement of interest by Bank will be made: ☐ when Note is repaid in full by Borrower ☐ annually beginning on _____
☐ Fixed rate of _____ % per annum through _____ which automatically converts on _____ to a variable rate equal to the Bank's Prime Rate plus _____ % per annum which shall be adjusted _____ as such Prime Rate changes.

Principal and interest is payable as follows

☐ Principal (plus any accrued interest not otherwise scheduled herein) } is due in full at maturity on _____
☐ Principal plus accrued interest }
☒ Payable in consecutive Monthly installments of ☐ Principal ☒ Principal and Interest } commencing on 11/15/2005
and continued on the same day of each calendar period thereafter, in 41 equal payments of \$ 16,335.00 , with one final payment of all remaining principal and accrued interest due on 04/08/2009
☐ ChoiceLine Payment Option: 2% of outstanding balance is payable monthly commencing on _____ and continuing on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on _____
☒ Accrued interest is payable Monthly commencing on May 15, 2004 and continuing on the same day of each calendar period thereafter, with one final payment of all remaining interest due on October 15, 2005
☐ Bank reserves the right in its sole discretion to adjust the fixed payment due hereunder _____ on _____ and continuing on the same day of each calendar period thereafter, in order to maintain an amortization period of no more than _____ months from the date of this Note. Borrower understands the payment may increase if interest rates increase.
☐ Prior to an event of default, Borrower may borrow, repay, and reborrow hereunder pursuant to the terms of the Loan Agreement, hereinafter defined.

☐ Borrower hereby authorizes Bank to automatically debit from its demand, deposit, or savings account(s) with Bank, any payment(s) due under this Note on the date(s) due.

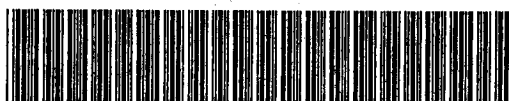
The undersigned shall pay to Bank a late fee in the amount of five percent (5%) of any installment past due for fifteen (15) or more days. When any installment payment is past due for fifteen (15) or more days, subsequent payments shall first be applied to the past due balance. In addition, the undersigned shall pay to Bank a returned payment fee if the undersigned or any other obligor hereon makes any payment at any time by check or other instrument, or by any electronic means, which is returned to Bank because of nonpayment due to insufficient funds.

All interest shall be computed and charged for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days. In the event periodic accruals of interest shall exceed any periodic fixed payment amount described above, the fixed payment amount shall be immediately increased, or additional supplemental interest payments required on the same periodic basis as specified above (increased necessary payments or supplemental payments to be determined in the Bank's sole discretion), in such amounts and at such times as shall be necessary to pay all accruals of interest for the period and all accruals of unpaid interest from previous periods. Such adjustments to the fixed payment amount or supplemental payments shall remain in effect for so long as the interest accruals shall exceed the original fixed payment amount and shall be further adjusted upward or downward to reflect changes in the variable interest rate; provided that unless elected otherwise above, the fixed payment amount shall not be reduced below the original fixed payment amount. However, Bank shall have the right, in its sole discretion, to lower the fixed payment amount below the original payment amount.

This Note is given by the undersigned in connection with the following agreements (if any) between the undersigned and the Bank:

Mortgage(s) / Deed of Trust(s) granted in favor of Bank as mortgagee / beneficiary:

☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by BUSH RIVER UTILITIES, INC
☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by MIDLANDS UTILITY, INC



ACCOUNT# / NOTE#
9521421107 00001

Security Agreement(s) granting a security interest to Bank:

☒ dated 04/08/2004 given by DEVELOPMENT SERVICE, INC

☒ dated 04/08/2004 given by KEITH G PARNELL

☐ Securities Account Pledge and Security Agreement dated _____, executed by _____

☐ Control Agreement(s) dated _____, covering ☐ Deposit Account(s) ☐ Investment Property
☐ Letter of Credit Rights ☐ Electronic Chattel Paper

☐ Assignment of Certificate of Deposit, Security Agreement, and Power of Attorney (for Certificated Certificates of Deposit) dated _____, executed by _____

☐ Pledge and Security Agreement for Publicly Traded Certificated Securities dated _____, executed by _____

☒ Assignment of Life Insurance Policy as Collateral dated 04/08/2004, executed by KEITH G PARNELL

☒ Loan Agreement dated 04/08/2004, executed by Borrower and ☒ Guarantor(s).

☒ See Attachment to BB&T Note dated 04/08/2004 in the amount of \$2,021,400.00.

All of the terms, conditions and covenants of the above described agreements (the "Agreements") are expressly made a part of this promissory note (the "Note") by reference in the same manner and with the same effect as if set forth herein at length and any holder of this Note is entitled to the benefits of and remedies provided in the Agreements and any other agreements by and between the undersigned and the Bank.

No delay or omission on the part of the holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or of any other right on any future occasion. Every one of the undersigned and every endorser or guarantor of this Note regardless of the time, order or place of signing waives presentment, demand, protest and notices of every kind and assents to any one or more extensions or postponements of the time of payment or any other indulgences, to any substitutions, exchanges or releases of collateral if at any time there be, available to the holder collateral for this Note, and to the additions or releases of any other parties or persons primarily or secondarily liable.

The failure to pay any part of the principal or interest when due on this Note or to fully perform any covenant, obligation or warranty on this or on any other liability to the Bank by any affiliate (as defined in 11USC Section (101) (2)), or by any guarantor or surety of this Note (said affiliate, guarantor, and surety are herein called "Obligor"); or if any financial statement or other representation made to the Bank by any of the undersigned or any Obligor shall be found to be materially incorrect or incomplete; or in the event the default pursuant to any of the Agreements or any other obligation of any of the undersigned or any Obligor in favor of the Bank; or in the event the Bank demands that the undersigned secure or provide additional security for its obligations under this Note and security deemed adequate and sufficient by the Bank is not given when demanded; or in the event one or more of the undersigned or any Obligor shall die, terminate its existence, allow the appointment of a receiver for any part of its property, make an assignment for the benefit of creditors, or where a proceeding under bankruptcy or insolvency laws is initiated by or against any of the undersigned or any Obligor; or in the event the Bank should otherwise deem itself, its security interest, or any collateral unsafe or insecure; or should the Bank in good faith believe that the prospect of payment or other performance is impaired; or if there is an attachment, execution, or other judicial seizure of all or any portion of the Borrower's or any Obligor's assets, including an action or proceeding to seize any funds on deposit with the Bank, and such seizure is not discharged within 20 days; or if final judgment for the payment of money shall be rendered against the Borrower or any Obligor which is not covered by insurance and shall remain undischarged for a period of 30 days unless such judgment or execution thereon is effectively stayed; or the termination of any guaranty agreement given in connection with this Note, then any one of the same shall be a material default hereunder and this Note and other debts due the Bank by any one or more of undersigned shall immediately become due and payable without notice, at the option of the Bank. From and after any event of default hereunder, interest shall accrue on the sum of the principal balance and accrued interest then outstanding at the variable rate equal to the Bank's Prime Rate plus 5% per annum ("Default Rate"), provided that such rate shall not exceed at any time the highest rate of interest permitted by the laws of the State of South Carolina; and further provided that such rate shall apply after judgement. In the event of any default, the then remaining unpaid principal amount and accrued but unpaid interest then outstanding shall bear interest at the Default Rate called for hereunder until such principal and interest have been paid in full. In addition, upon default, the Bank may pursue its full legal remedies at law or equity, and the balance due hereunder may be charged against any obligation of the Bank to any party, including any Obligor. Bank shall not be obligated to accept any check, money order, or other payment instrument marked "payment in full" on any disputed amount due hereunder, and Bank expressly reserves the right to reject all such payment instruments. Borrower agrees that tender of its check or other payment instrument so marked will not satisfy or discharge its obligation under this Note, disputed or otherwise, even if such check or payment instrument is inadvertently processed by Bank unless in fact such payment is in fact sufficient to pay the amount due hereunder.

PROMISSORY NOTE SIGNATURE PAGE

Borrower: MIDLANDS UTILITY, INC

Account Number: 9521421107

Note Amount: \$ 2,021,400.00

Note Number: 00001

Date: 04/08/2004

Notice of Right to Copy of Appraisal: If a 1-4 family residential dwelling is pledged as collateral for this Note, you, the undersigned, have a right to a copy of the real estate appraisal report used in connection with your application for credit. If you wish to receive a copy, please notify in writing the branch office where you applied for credit. You must forward your request to the Bank no later than 90 days after the date of this Note. In your request letter, please provide your name, mailing address, appraised property address, the date of this Note, and the Account and Note Numbers shown on the front of this Note.

Waiver of Appraisal Rights. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **TO THE FULLEST EXTENT PERMITTED BY LAW AND AS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN, MORTGAGOR HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**

IN WITNESS WHEREOF, the undersigned, on the day and year first written above, has caused this note to be executed under seal.

If Borrower is a Corporation:

WITNESS:

MIDLANDS UTILITY, INC

NAME OF CORPORATION

By: Keith G. Powell President

By: Charles K. Powell Vice President

BUSH RIVER UTILITIES, INC.

NAME OF CORPORATION

By: Keith G. Powell President

By: Charles K. Powell Vice President

DEVELOPMENT SERVICE, INC.

NAME OF CORPORATION

By: Keith G. Powell President

By: Charles K. Powell Vice President

If Borrower is a Partnership, Limited Liability Company, or Limited Liability Partnership:

WITNESS:

NAME OF PARTNERSHIP, LLC, OR LLP

By: _____ (SEAL)

GENERAL PARTNER OR MANAGER

By: _____ (SEAL)

GENERAL PARTNER OR MANAGER

By: _____ (SEAL)

GENERAL PARTNER OR MANAGER

If Borrower is an Individual:

WITNESS:

(SEAL)

Additional Co-makers:

WITNESS:

(SEAL)

(SEAL)

(SEAL)

(SEAL)

The term "Prime Rate," if used herein, means the rate of interest per annum announced by the Bank from time to time and adopted as its Prime Rate. The Prime Rate is one of several rate indexes employed by the Bank when extending credit. Any change in the interest rate resulting from a change in the Bank's Prime Rate shall become effective as of the opening of business on the effective date of the change. If this Note is placed with an attorney for collection, the undersigned agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorneys' fees which the undersigned agrees shall be equal to 15% of the principal and interest outstanding at the time of acceleration or other action by Lender to collect the sums due hereunder, unless the actual attorneys' fees incurred, based upon Bank's counsel's normal hourly fees chargeable to Bank, shall be greater than 15% of principal and interest, in which case such billed amount based on such hourly rate shall be the attorneys' fee payable hereunder. All obligations of the undersigned and of any Obligor shall bind his heirs, executors, administrators, successors, and/or assigns. Use of the masculine pronoun herein shall include the feminine and the neuter, and also the plural. If more than one party shall execute this Note, the term "undersigned" as used herein shall mean all the parties signing this Note and each of them, and all such parties shall be jointly and severally obligated hereunder. Whenever possible, each provision of this Note shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. All of the undersigned hereby waive all exemptions and homestead laws. The proceeds of the loan evidenced by this Note may be paid to any one or more of the undersigned. No waivers and modifications shall be valid unless in writing and signed by the Bank. In case of conflict between the terms of this Note and the Loan Agreement or Commitment Letter issued in connection herewith, the priority of controlling terms shall be first this Note, then the Loan Agreement, and then the Commitment Letter. This Note shall be governed by and construed in accordance with the laws of South Carolina.

CREDIT LIFE AND DISABILITY INSURANCE

Subject to certain underwriting criteria and limitations, INDIVIDUAL BORROWERS AND ADDITIONAL CO-MAKERS HAVE THE RIGHT TO REQUEST CREDIT LIFE AND DISABILITY INSURANCE PROTECTION FOR THIS LOAN. One or two Borrowers/Co-makers may be covered by BB&T Credit Life Insurance and one Borrower/Co-maker may be covered by BB&T Credit Disability Insurance. However, the purchase of credit life and credit disability insurance from the Bank is not a condition of obtaining this loan.

I, the undersigned, desire the credit insurance with the cost and terms described below and promise to pay the premium of such insurance coverage. I understand that I may cancel this credit insurance at any time. I represent that, to the best of my knowledge, I am in good health and am insurable.

☐ Product I : Complete the following: ☐ Fidelity Security Insurance Company Flex Plan (Complete separate application)

CREDIT LIFE INSURANCE		Effective Date	Term in Mos.	Amount Financed	Interest Rate	Credit Life Premium
<input type="checkbox"/> Single	<input type="checkbox"/> Level					
<input type="checkbox"/> Joint	<input type="checkbox"/> Decreasing			\$		\$

CREDIT DISABILITY INSURANCE	Monthly Benefit Amount	Credit Disability Premium
Effective Date and Terms in Mos. Same as Credit Life Insurance Above	\$	\$

Credit Disability Insurance is subject to a 14-day elimination period and a 60-month maximum benefit period. Only the Borrower or Co-Maker who signs the first line under "Signature(s) of Insured" is covered by Credit Disability Insurance.

Date of Birth	Signature(s) of Insured	Total Credit Life and Disability Insurance Premium
	Signature of Primary Insured	
	Signature of Secondary Insured	\$

(SIGNATURES ON FOLLOWING PAGE)

ATTACHMENT TO BB&T NOTE

Account Number: 9521421107Note Number: 00001

Attachment of BB&T Promissory Note dated 04/08/2004 in the amount of \$2,021,400.00 between Branch Banking & Trust Company of South Carolina as Bank, and MIDLANDS UTILITY, INC, BUSH RIVER UTILITIES, INC and DEVELOPMENT SERVICE, INC, as Borrower.

Repayment terms of this note are as follows:

I. Mortgage granted in favor of Bank as beneficiary:

☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by MIDLANDS UTILITY, INC
☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by MIDLANDS UTILITY, INC
☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by BUSH RIVER UTILITIES INC
☒ dated 04/08/2004 in the maximum principal amount of \$ 2,021,400.00
granted by MIDLANDS UTILITY, INC
☐ dated _____ in the maximum principal amount of \$ _____
granted by _____

III. Security Agreement(s) conveying a security interest in favor of Bank:

☒ dated 04/08/2004 given by CHARLES K PARNELL
☒ dated 04/08/2004 given by BUSH RIVER UTILITIES, INC
☒ dated 04/08/2004 given by MIDLANDS UTILITY, INC
☒ dated 04/08/2004 given by CHARLES K PARNELL
☒ dated 04/08/2004 given by KEITH G PARNELL

IV. Additional Agreements, Assignments, Pledges or other security instruments:

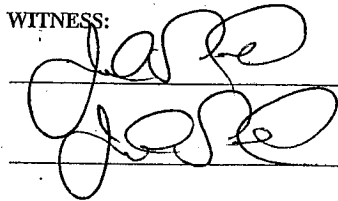
☒ Assignment of Life Insurance Policy dated 04/08/2004 for policy #3423867 executed by
CHARLES K PARNELL
☐
☐
☐
☐
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☐
☐
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☐

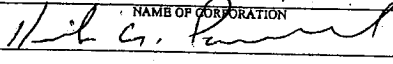
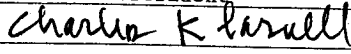


IN WITNESS WHEREOF, the undersigned, on the day and year first written above, has caused this note to be executed under seal.

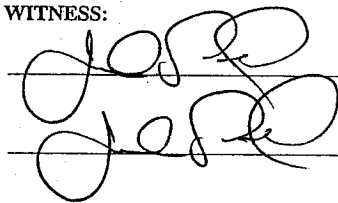
If Borrower is a Corporation:

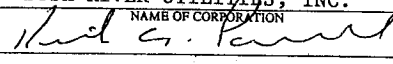
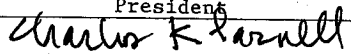
WITNESS:



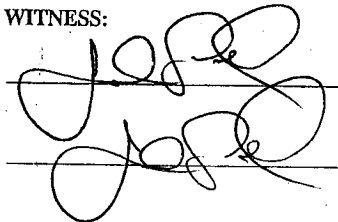
MIDLANDS UTILITY, INC.
NAME OF CORPORATION
By:  (SEAL)
Title: President
By:  (SEAL)
Title: Vice President

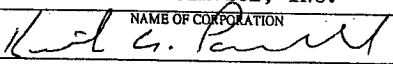
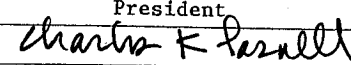
WITNESS:



BUSH RIVER UTILITIES, INC.
NAME OF CORPORATION
By:  (SEAL)
Title: President
By:  (SEAL)
Title: Vice President

WITNESS:



DEVELOPMENT SERVICE, INC.
NAME OF CORPORATION
By:  (SEAL)
Title: President
By:  (SEAL)
Title: Vice President

If Borrower is a Partnership, Limited Liability Company, or Limited Liability Partnership:

WITNESS:

NAME OF PARTNERSHIP, LLC, or LLP
By: _____ (SEAL)
GENERAL PARTNER OR MANAGER
By: _____ (SEAL)
GENERAL PARTNER OR MANAGER
By: _____ (SEAL)
GENERAL PARTNER OR MANAGER

WITNESS: If Borrower is an Individual

(SEAL)

WITNESS: Additional Co-makers

(SEAL)

(SEAL)

(SEAL)

(SEAL)

PREPAYMENT FEE ADDENDUM TO PROMISSORY NOTE

THIS ADDENDUM is hereby made a part of the Promissory Note dated April 8, 2004 from MIDLANDS UTILITY, INC ("Borrower") payable to the order of Branch Banking and Trust Company of South Carolina ("Bank") in the principal amount of \$ 2,021,400.00 (including all renewals, extensions, modifications and substitutions therefore, the "Note").

CALCULATION OF PREPAYMENT FEE

Each prepayment of the principal of the Note, in whole or in part and whether voluntary, mandatory, upon acceleration or otherwise, shall be made after giving the Bank at least one day's prior notice and shall be accompanied by an additional amount deemed necessary by the Bank to compensate the Bank for any losses, costs or expenses which the Bank may incur as a result of such prepayment. If Borrower makes a prepayment without having given prior notice to the Bank, the prepayment compensation shall be payable on demand. The determination of prepayment compensation due the Bank hereunder shall be made by the Bank in good faith and shall be conclusive absent manifest error.

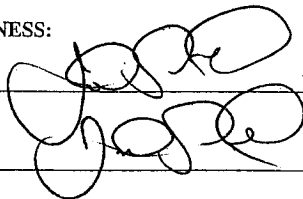
The prepayment schedule/formula shall be (check applicable box):

☒ For any principal prepayment of the Note, the Borrower shall pay 1 % of the amount of the principal prepayment if made between April 8, 2004 and April 7, 2005; 1 % of the amount of the principal prepayment if made between April 8, 2005 and April 7, 2006; 1 % of the amount of the principal prepayment if made between April 8, 2006 and April 7, 2007; 1 % of the amount of the principal prepayment if made between April 8, 2007 and April 7, 2008; 1 % of the amount of the principal prepayment if made between April 8, 2008 and April 7, 2009; N/A % of the amount of the principal prepayment if made between N/A and N/A; N/A % of the amount of the principal prepayment if made between N/A and N/A; N/A % of the amount of the principal prepayment if made between N/A and N/A; N/A % of the amount of the principal prepayment if made between N/A and N/A; N/A % of the amount of the principal prepayment if made between N/A and N/A.

☒ For any principal prepayment of the Note the Borrower shall pay a fixed fee of one percent (1.00%) of the amount of the principal prepayment, unless refinanced by BB&T or one of its affiliates.

If Borrower is a Corporation:

WITNESS:



MIDLANDS UTILITY, INC.

NAME OF CORPORATION

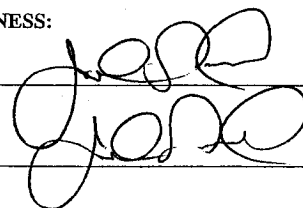
By: Charles K. Karnell (SEAL)

Title President

By: Charles K. Karnell (SEAL)

Title Vice President

WITNESS:



BUSH RIVER UTILITIES, INC.

NAME OF CORPORATION

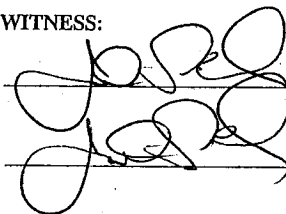
By: Charles K. Karnell (SEAL)

Title President

By: Charles K. Karnell (SEAL)

Title Vice President

WITNESS:



DEVELOPMENT SERVICE, INC.

NAME OF CORPORATION

By: Charles K. Karnell (SEAL)

Title President

By: Charles K. Karnell (SEAL)

Title Vice President

ACCOUNT# / NOTE#
9521421107 00001



CERTIFICATE OF SERVICE

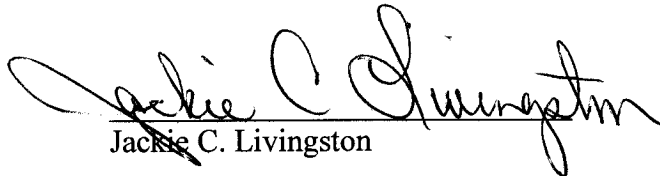
The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of Pre-Filed Direct Testimony of Keith G. Parnell on behalf of Bush River Utilities, Inc., indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Bush River Utilities, Inc., for approval of new schedule of rates and charges for sewage service provided to residential and commercial customers in all areas served.
Docket No. 2004-259-S

PARTIES SERVED: F. David Butler, Esquire
 SC Public Service Commission
 P. O. Drawer 11649
 Columbia, SC 29211

 Florence P. Belser, Esquire
 ORS
 P. O. Box 11263
 Columbia, SC 29211

RECEIVED
2004 DEC 28 AM 11:33
SC PUBLIC SERVICE
COMMISSION


Jackie C. Livingston

December 22, 2004